

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CLARK RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	
FOR COMMISSION APPROVAL OF A)	
CERTIFICATE OF CONVENIENCE AND)	CASE NO. 90-274
NECESSITY TO CONSTRUCT AND FINANCE)	
ACCORDING TO THE COOPERATIVE'S TWO)	
YEAR WORK PLAN)	

O R D E R

Clark Rural Electric Cooperative Corporation ("Clark") filed its application on September 11, 1990 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow funds, and to execute notes to secure such loan. These improvements and additions, more specifically described in the application, are estimated to cost \$4,623,292 and will be financed by a \$2,590,000 loan from the Rural Electrification Administration ("REA"), a \$1,144,330¹ loan from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and \$923,292 from Clark's internally generated funds.

On March 6, 1991, the Commission issued an Interim Order granting Clark a Certificate of Public Convenience and Necessity

¹ The amount borrowed from CFC includes the purchase of capital term certificates, in an amount equal to 3 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates. The purchases required of Clark for this loan total \$34,330. The total amount of the REA and CFC loans equals \$3,700,000.

for the proposed construction, but deferred ruling on the proposed loans because neither REA nor CFC had yet agreed to make them. On April 12, 1991, Clark filed a copy of correspondence received from REA approving its loan. Notice of CFC approval was filed April 24, 1991.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Clark, is necessary and appropriate for and consistent with the proper performance by Clark of its service to the public, and will not impair its ability to perform that service.

2. Clark is capable of executing its notes as security for the loan as stated herein.

3. Clark should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

4. Within 10 days of its selection of the interest rate program, Clark should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Clark's application.

6. Clark should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency do not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action on Clark's proposed loan from the REA is required.

IT IS THEREFORE ORDERED that:

1. Clark be and it hereby is authorized to borrow \$1,144,330 from CFC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Clark, at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

2. Clark be and it hereby is authorized to execute its notes as security for the loan herein authorized.

3. Clark shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 3rd day of May, 1991.

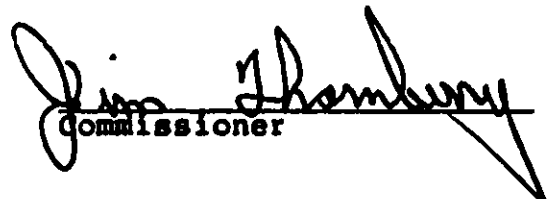
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner